

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 IO-13 AID-05 OMB-01 TRSE-00 EB-07 ORM-02

DHA-02 L-03 IGA-02 SS-15 CIAE-00 INR-07 NSAE-00 SP-02

SSO-00 INRE-00 NSCE-00 NEAE-00 NSC-05 /075 W

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O 231618Z AUG 76

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC IMMEDIATE 8864

C O N F I D E N T I A L SECTION 1 OF 2 AMMAN 4351

E.O. 11652 GDS

TAGS: EAID JO US

SUBJECT: TQ PROJECT FINANCING

REF (A) STATE 208590 (B) STATE 207943, (C) STATE 195937

(D) AMMAN 4241 (E) AMMAN 4350

FOR ATHERTON AND NOOTER FROM AMBASSADOR

SUMMARY:. I VERY MUCH APPRECIATE THE EFFORT MADE BY THE DEPARTMENT AND AID TO RESPOND TO MY SUGGESTION THAT WE PRESENT OUR THINKING TO GOJ ON INTERIM QUARTER FUNDING BEFORE MY DEPARTURE ON HOME LEAVE WEDNESDAY AUGUST 25. THERE ARE THREE SPECIFIC AREAS OF YOUR INSTRUCTIONS WHICH RAISE SOME PROBLEMS--THE QUESTION OF NOT FUNDING ANY DEVELOPMENT PROJECT WITH INTERIM QUARTER FUNDING, WHAT APPEARS TO BE A MISUNDERSTANDING BETWEEN WASHINGTON AND AMMAN ON OUR CONSULTATION WITH THE GOJ ON ITS BUDGETARY PROCESS, AND FINALLY THE QUESTION OF WHAT WE DO ABOUT UNRWA FUNDS. NEVERTHELESS IN SPITE OF THSE QUESTIONS THE GENERAL NATURE OF MY INSTRUCTIONS WILL STILL PERMIT ME TO MAKE THE POINTS YOU WISH WITHOUT AT THE SAME TIME CAUSING US PROBLEMS WITH THE FACT THAT IF AFTER CONSIDERATION YOU ARE PREPARED TO FOLLOW ANY AND ALL OF THE SUGGESTIONS I MAKE IN THIS TELEGRAM WE CAN DO SO WITHOUT DIFFICULTY. SINCE WILL BE SEEING KING

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HUSSEIN EITHER ON LATE AFTERNOON AUGUST 23 OR AUGUST 24, I WILL

PROCEED AS YOU SUGGEST BUT BE SUFFICIENTLY GENERAL SO AS TO
PRESERVE OUR OPTIONS. END SUMMARY

1. FUNDING DEVELOPMENT PROJECTS WITH INTERIM QUARTER
SUPPORTING ASSISTANCE. AS YOU KNOW WE HAVE WORKED
HARD FOR REASONS BOTH OF CONGRESSIONAL RELATIONS AND
US INTERESTS IN JORDAN TO ENCOURAGE JORDANIANS TO
ACHIEVE A BETTER BALANCE BETWEEN FUNDING BUDGET SUPPORT AND
DEVELOPMENT PROJECTS IN MY
JUDGEMENT UNLESS THERE ARE OVERWHELMING REASONS TO
THE CONTRARY IT WOULD BE A SERIOUS MISTAKE FOR US
NOT TO ATTEMPT TO DEVELOP SOME SPECIFIC AID PROJECTS
TO BE FUNDED IN THE INTERIM QUARTER. AS IT IS WE
HAVE COME UP WITH DISCREET UNCONTROVERSIAL AND NOT OVERLY LARGE
PROJECT IN JORDAN VALLEY.

THESE WILL ALLOW A DIVISION OF FUNDS VASTLY IN THE
INTERESTS OF MEETING JORDANS CURRENT BUDGET CRISIS.
BUT TO DO NOTHING AT ALL IN THE DEVELOPMENT AREAS
WILL SEVERELY STRAIN THE CREDIBILITY OF OUR WELL
THOUGHT OUT PROGRAM. NOT TO DO SO WE
STRONGLY BELIEVE WOULD BE CONTRARY TO GOJ
AND OUR FUTURE BEST INTERESTS IN JORDAN.
KING HUSSEIN AND PRIME MINISTER BUDRAN ACCEPT THIS
THESIS. THE PRESENT STUMBLING BLOCK APPEARS TO BE
IN US AND JORDANS CAPACITY TO ACHIEVE THE NECESSARY
DOCUMENTATION IN TIME TO OBLIGATE THE FUNDS IF REQUIRED BEFORE
SEPT 30. I AM SURPRISED AND A LITTLE CHAGRINED
TO FIND THAT AID WASHINGTON HAS GIVEN UP WITHOUT A TRY-. IT SEEMS
TO ME WE SHOULD MAKE A SERIOUS EFFORT AND JORDANIANS
ARE WILLING TO DO SO. A SEPARATE CABLE PROVIDES MORE
DETAILS ON THE PROJECTS AND SUGGESTIONS OF WHAT WE BE-
LIEVE IS AN EFFECTIVE WAY OF PREPARING THE NECESSARY
DOCUMENTATION BEFORE POSSIBLE INTERPOSITION OF
A SEPT 30 DEADLINE.

3. AS PART OF THE NECESSARY PREPARATION OF EARLIR
MATERIAL ON PROJECTS WE HAVE HAD CONTINUING DISCUSSIONS
WITH THE PRESIDENT OF THE NATIONAL PLANNING COUNCIL
HE IS AWARE OF THESE PROJECTS AND IN RECENT CONVERSA-
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TION CONTINUED TO ASSURE US OF HIS SUPPORT. AID
MISSION CAPITAL DEVELOPMENT OFFICER AND GOU DEPUTY
DIRECT OF JORDAN VALLEY AUTHORITY ARE PREPARED TO
COME TO US ON SEPTEMBER 3 TO COMPLETE PROJECT AGREE
MENTS. REFTEL E PROVIDES MORE DETAILS
IN LIGHT OF THE ABOVE ARGUMENTATION I HOPE WE COULD
HAVE AID AND DEPARTMENTAL SUPPORT IN THIS EFFORT TO
WHICH WE HAVE HAD NO EXPRESSION OF RESERVATIONS ON

THE PART OF JORDANIANS AND INDEED SOME INTEREST.

4. THE SECOND ISSUE INVOLVES OUR INVOLVEMENT IN JORDANIANS BUDGET PROCESS. I CAN UNDERSTAND YOUR UNWILLINGNESS TO SEND LETTER AND UPON REREADING I AGREE THAT SUCH A LETTER MIGHT BE INTERPRETED AS CREATING OBLIGATIONS AND RESPONSIBILITIES ON OUR PART WHICH EMBASSY CERTAINLY DID NOT INTEND. EMBASSY'S SOLE OBJECTIVE AT THIS POINT IS TO SEEK ENOUGH TIMELY AND ACCURATE INFORMATION ON JORDANIANS

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C O N F I D E N T I A L SECTION 2 OF 2 AMMAN 4351

BUDGETARY PROCESS SO AS TO RAISE WARNING FLAGS FOR OURSELVES AND POSSIBLY RESPOND MORE INTELLIGENTLY TO JORDANIANS REQUESTS FOR ASSISTANCE IN INTRODUCING MORE RESPONSIBILITY IN THEIR OWN PROCESS. CROWN PRINCE HASSAN STRONGLY SUPPORTS THIS OBJECTIVE AND I BELIEVE WE WOULD BE UNDERCUTTING HIS AND OUR INTERESTS IF WE SIMPLY DUMPED A LARGE POT OF MONEY ON THE JORDANIANS "TO MEET THEIR CRISIS WITHOUT MAKING ANY SUGGESTIONS FOR FURTHER CONSULTATION BETWEEN US AS THEY REPEAT THEY FORMULATE AND DEVELOP THEIR OWN BUDGET. THEREFORE I WOULD LIKE AUTHORITY TO REQUEST PRIME MINISTERS COOPERATION BY LETTER INCONSULTING WITH HIS OFFICE AND THE JORDANIANS BUREAU OF THE BUDGET AS THEIR BUDGET IS FORMULATED AND AS THE PROCESS PROCEEDS THROUGHOUT THE YEAR. SUCH A LETTER COULD SIMPLY STATE THE ABOVE REQUESTS AND

SEEK A POSITIVE REPLY ON THE PART OF THE GOJ. UP TO
THIS POINT IT HAS BEEN DIFFICULT TO ACHIEVE EVEN
THIS MEASURE OF CONSULTATION.

5. AS FOR THE QUESTIONS OF US RESPONSIBILITY FOR BUDGET
DEFICIT, THE JORDANIANS
TURNED TO US AS SOON AS THEY REALIZED THEY HAD A
DEFICIT AND THAT WE HAD FUNDS AVAILABLE. THIS IS
SUFFICIENT TO INDICATE WHAT THE REALITIES ARE ABOUT
THEIR CONSISTENTLY TURN TO US ANYWAY. I INTEND
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TO MAKE MOST STRONGLY THE POINT THAT WE ARE NOT ABOUT
TO EFFECT AN INTERIM QUARTER BAIL OUT EVER YEAR.
THEY OF COURSE WILL UNDERSTAND THIS. HOWEVER THEY
FEEL THEIR OWN LOBBYING IN THE CONGRESS WAS AT LEAST
INPART RESPONSIBLE FOR PRODUCING THE EXTRA FUNDS AND
I AM NOT IN A POSITION FROM HERE TO GAINSAY THIS
JUDGMENT ON THEIR PART.

6. IN SUM I WOULD MERELY ASK YOUR APPROVAL TO
SEND A LETTER UPON MY RETURN FROM HOME LEAVE REQUESTING
CLOSE CONSULTATION ON JORDAN BUDGET NOW AND
IN THE FUTURE FOR THE PURPOSE WHICH I ASSUME WE
SHARE WITH THE DEPARTMENT OF PRODUCING "MORE TIMELY
AND ACCURATE INFORMATION."

7. REGARDING THE QUESTION OF UNRWA FUNDING I
NOTE THAT THERE IS A BIT OF INDEFINITENESS IN
YOUR OWN JUDGMENT AT PRESENT AS TO THE AMOUNT WHICH
WILL BE TAKEN FROM THE JORDANIANS BUDGET. I WOULD
MOST STRONGLY URGE THAT THE BURDEN BE SHARED ON
SOME REASONABLY EQUITABLE BASIS AMONG FUNDS AVAILABLE
TO ALL MIDEASTERN COUNTRIES. JORDAN IS IN MANY WAYS
AS POOR AS ANY OTHER STATE IN THE AREA AND BEARS THE
BURDEN OF THE LARGEST REFUGEE POPULATION. IN ADDI-
TION AS OPPOSED TO OTHER STATES IN THE AREA JORDAN
HAS TO FINANCE FROM ITS OWN BUDGET THE CARE AND
FEEDING OF THOSE SEVERAL HUNDRED THOUSAND DISPLACED PERSONS. WHO
CAME HERE FROM THE WEST BANK IN 1967. FOR THESE REASONS
AND BECAUSE JORDANIANS BELIEVE THEIR OWN EFFORT ON
THE HILL WERE HELPFUL IN PRODUCING THE LARGE INTERIM
QUARTER ALLOCATION IT WOULD BE A MISTAKE TO TELL
THE JORDANIANS WE WERE TAKING THE FULL AMOUNT NEEDED
TO TIDE OVER UNRWA FROM THE JORDANIANS SA
BUDGET. I COULD EXPECT STRONG NEGATIVE REACTION FROM
THE KING. IN ADDITION THE JORDANIANS MIGHT WELL SUGEST
GIVING THEM THE MONEY AND LETTING THEM USE IT TO
HANDLE REFUGEE RELIEF THIS IS IN EFFECT WHAT
RIFAI SUGGESTED TO ME LAST YEAR DURING UNRWAS 1975

ANNUAL BUDGET CRISIS.

8. IN SUM THE ONLY WAY I BELIEVE WE CAN PERSUADE
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GOJ WILLINGLY TO ACCEPT ANY REASONABLE DIVERSION
TO UN RWA IS TO POINT OUT THAT THE BURDEN IS BEING
SHARED BY OTHER MIDDLE EAST COUNTRIES INCLUDING
ISRAEL AND THAT WE WILL ATTEMPT TO MAKE UP THE
SUM DIVERTED TO UNRWA BY INCREASING OUR FY 78
SUBMISSION TO THE CONGRESS A PROPORTIONATE AMOUNT
IN AN ATTEMPT TO COVER THIS DEDUCTION. WE WOULD
MAKE CLEAR THAT IF THE ADDITIONAL FUNDS WERE
RECEIVED THEY WOULD BE AVAILABLE FOR DEVELOPMENT
LOANS OR TECHNICAL ASSISTANCE PROJECTS IN JORDAN

9. REGARDING THE 1 M FOR FORMER JORDANIANS STUDENTS AT AUG.
AMBASSADOR HAS TENTATIVELY MENTIONED TO PRIME MINISTER WHO OFFERED
NO OBJECTIONS. IT WAS ALSO MENTION
TO NPC PRESIDENT HANNA ODEH WHO INDICATED HE WISHED
TO CONSIDER QUESTION FURTHER BEFORE MAKING ANY
FINAL COMMITMENT.

10. ACTION REQUESTED. IDEALLY YOUR ADDITIONAL
THOUGHTS ON THE ABOVE WOULD BE MOST HELPFUL IF THEY
ARRIVED HERE BEFORE MY DEPARTURE ON WEDNESDAY MORNING.
IF NOT CHARGE CAN PRESENT THEM TO KING AND PRIME
MINISTER SUBSEQUENTLY IN LIGHT OF MY CONVERSATIONS
BEFORE DEPARTURE WHICH WILL LEAVE THE WAY OPEN FOR
US TO GO EITHER WAY AS SUGGESTED IN THIS CABLE OR
AS YOU HAD ORIGINALLY INSTRUCTED ME IN REFTEL (A).
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